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## **PSC ESTABLISHES PUBLIC INTEREST PAYPHONE PROGRAM**

*Sets process to place phones in underserved areas*

FRANKFORT, Ky. (August 23, 2004) - The Kentucky Public Service Commission (PSC) today established a program that would enable the placement of payphones in locations with a demonstrable need for public telephone service.

The program "will improve access to payphones for Kentuckians who reside in underserved areas," the PSC said in an order issued today. A PSC review of payphone service suggests the greatest service needs are in rural areas and smaller cities.

The public interest payphone program replaces an outmoded regulation that simply required that local phone companies maintain one payphone in each exchange they serve. A number of factors, including the increased availability of wireless service and the opening of payphone service to competition, have made the requirement unnecessary, the PSC said.

The old regulation "does not continue to serve the needs of the public and ensure that payphones are available in a manner that serves the public need," the PSC said. "Any need for a payphone in a specific exchange is more appropriately dealt with on a case-by-case basis."

Kentucky's public interest payphone program is modeled on a similar program established in Indiana in 1998. The program allows a public agency, or a business or organization, with the sponsorship of a public agency, to petition to have a payphone placed on its property.

If a PSC staff review determines a phone is needed, payphone providers serving the area will be contacted and given an opportunity to place a phone at the location. If no provider comes forward within 90 days, the PSC will move to fund a public interest payphone at the location.

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However, the PSC is not establishing a funding mechanism at this time because the parties in the case could not identify specific locations that now need payphones. Also, the PSC plans to work with payphone providers to voluntarily place phones at requested locations.

Establishment of the public interest payphone program comes in the wake of major changes in the payphone market. In 2003, the PSC allowed BellSouth, Kentucky's largest phone company, to withdraw from the payphone market.

But BellSouth was required to continue to maintain, through contractors or other providers, at least one payphone per exchange. In its order issued today, the PSC waived that requirement for BellSouth and all other local telephone companies.

The commission's order and other documents in the case are available on the PSC Web site. The case number is 2003-00492.

The PSC is an agency within the Environmental and Public Protection Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in the Commonwealth of Kentucky and has approximately 110 employees.